EJW
ECON JOURNAL WATCH
Scholarly Comments on
Academic Economics

ECON JOURNAL WATCH 11(2)
May 2014: 243-249

Sin, and the Economics of 'Sin'

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LINK TO ABSTRACT

Sin is present in human history; any attempt to ignore it or to give this dark reality other names would be futile.
—*Catechism of the Catholic Church* (1993, §386)

In the economics of sin (see Cameron 2002), a part of the thriving economics of religion (see McCleary 2011; Oslington 2014), the label 'sin' is attached to three kinds of behaviors. The first kind is behavior that violates social norms (Bicchieri 2006); someone who takes more than her implicitly fair share of some common pool of resources 'sins' against her neighbors. Second, there are behaviors which, in the context of habit formation and time inconsistency, impede the maximization of personal well-being (Laibson 1997; Gul and Pesendorfer 2001); it is a 'sin' against yourself when you fail to follow through on that plan to exercise more. Third, there are behaviors which threaten the market power of certain religious and cultural institutions (Ekelund and Tollison 2011); it is a 'sin' against your church when you spend your Sunday at the mall when you could be praying, paying, and obeying in your parish.

The economics of sin offers real insight into the exchange aspects of sinful behaviors, the possible internal conflicts that sinful behavior results from and gives rise to, and the forms and purposes of the social regulation of sinful activities. As with all economic analysis, however, the economics of sin is not intended to be a full description of the reality of sin; it is only a sketch, an approximation. The methodological purpose of the sketch is to generate predictions and some understanding of the causes and consequences of sinful behavior and its regulation. I have argued elsewhere (Yuengert 2012) that the 'approximations' of economic

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theory can only be understood *as* approximations by reference to some account of what is being approximated.[2] By this reasoning, we can understand the nature and the limits of the economic sketch of 'sin' only by comparing it to a fuller account of sin.

Religious thought gives an account of sin to which the approximations of economics can be compared and evaluated. I will not attempt a general theological definition of sin, acceptable to all religions, but will stick to what I know: Roman Catholicism. The next section outlines a Catholic account of sin, with a view to understanding what is left out of the economic sketch. My focus is the second type of economic 'sin', captured by models of the choice of goods thought to be 'sinful' and models of internal conflict. Although new developments in economic modeling allow economists to address some of the concerns raised by the Catholic theology of sin, the most significant difference between economics and Catholic theology is that between the normative frames they employ. In the economic account, scarcity is the problem, and the solution is efficient institutions and regulation. In Catholic thought, the problem is disorder in the human soul caused by alienation from God, and the solution is a set of institutions which encourage reconciliation and a restoration of order.

Sin in Catholic theology

The Catechism of the Catholic Church defines sin thus: "Sin is an offense against reason, truth, and right conscience; it is failure in genuine love for God and neighbor caused by a perverse attachment to certain goods. It wounds the nature of man and injures human solidarity" (1993, §1849). In this definition there are echoes of the first two kinds of 'sin' economists analyze (the social and the personal), but not the third (sin against religious control). Sin is first a sin against God, not just the violation of standards set by religious institutions competing for influence and power.

In Christian thought, the God against whom human beings sin is not just another agent with interests to optimize and with an ability to punish and reward—someone whom we must factor into our calculations in order to get what we want insofar as we are able. The God of Christianity is transcendent, not part of creation but apart from it. He does not live in the heavens. He is not anything like the Higgs boson. He is not measurable by the tools of science. Partial knowledge of His

2. Yuengert (2012) offers a secular account of decisionmaking (Aristotelian practical wisdom) as a background against which the approximations of economics can be compared.

existence and nature can be achieved through philosophy (Spitzer 2010) and fuller knowledge through revelation: His own communication about Himself.

In Catholic theology, God is the Creator of all that is. This act of creation is comprehensive and ongoing. Space, time, the laws of physics, are all created and kept in existence continually: "For in him we live and move and have our being" (Acts 17:28). For this reason, sin in Christian thought is always more than 'missing the mark', a failure to achieve our own goals or to achieve some socially determined objective. Sin is a rebellion against the maker of 'the mark'; it is also a rebellion against the mark He has made in us. Sin against God is a sin against the nature He has given us.[3]

What is the nature given us? In Catholic thought, each human being is a unity of body and soul; we share bodily nature with other animals, but we are not simply animals. Our spiritual nature makes freely chosen communion with others and God possible. The actions by which we create or break this communion are the result of a dynamic interaction between our passions (emotions), reason, and will (reasoned appetite).[4] Our wills move us toward what we judge to be good. Human beings are different from other animals in that we can reason about what is good for us, and we can pursue it because we think it good, even if we are sometimes disastrously mistaken. The wildcard in this account of action are the passions, which we share with other animals. Passions are morally neutral in themselves: they are part of our created nature. However, the relationship between passion, reason, and will is uneasy and can be unstable. In Catholic theology the disordered relationship between passion, reason, and will is a result of the Fall, described figuratively in Genesis 3. Passions can be brought into (an often uneasy) agreement with reasoned judgment, but they can also overcome reasoned judgment, often recruiting reason to rationalize desire.

Every human being is to some extent alienated from his or her nature, because of sin. However, no human being can reject his or her nature completely. There is no real alternative to our created nature except nothingness. As a consequence, any rebellion against our created nature must use our created faculties in some unbalanced way, emphasizing either will, passion, or reason so as to diminish the proper role of the other faculties. Catholic theology confirms the sad experi-

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3. The claim that all sin is primarily against God is not a claim that all sin is fully and *intentionally* a rejection of God, or even that it is fully and intentionally a rejection of our created nature. It is a claim that sin is action which is fundamentally at odds with our created nature, and consequently at odds with the Creator and sustainer of that nature. Our own awareness of the rebellion embodied in our actions might be only dim; this dimness makes us piteous and less culpable, objects of Divine compassion, patience, and grace. See the *Catechism of the Catholic Church* (1993, §457).

4. The Catholic description of the human constitution draws on the natural law tradition, in which the interplay of will, reason, and passion is foundational (see Aristotle, *Nicomachean Ethics*; McInerny 1997).

ence that rebellions against our nature, whatever faculty they emphasize, most often end in an embrace of and slavery to untutored passion. One of the primary consequences of sin is that our passions become less amenable to reason and can come to dominate both will and reason.

Before examining the implications of sin for how economists see the world outside of their models, we must mention two other crucial dimensions of Christian sin. First, sin leaves a mark on the sinner; it results in a condition of guilt. Guilt is not shame; it is the true state of the person in the presence of the God whose gifts he has rejected. It is lasting, and ubiquitous: "All have sinned and fall short of the glory of God" (Rom. 3:23). Guilt can be removed, but only by the initiative of God the Creator and the response of the person—conversion—which reestablishes the communion between Creator and the creature and restores some measure of order to the soul. Second, the God against whom we sin "longs for a reconciliation" (Pieper 2001, 7). God will not just take us or leave us. The Christian scriptures recount the history of salvation, not of punishment.

The economics of 'sin', and sin

In the Catholic view of sin, the fundamental human problem lies in the human soul: the person is in rebellion against God and his own nature. The solution to this problem is conversion, a restoration of the person to communion with God and to peace with himself. In more broadly religious terms, conversion becomes a reconnection of the person to the transcendent, a restoration of peace and wholeness to the soul. With the Catholic view of sin as a background, what can we learn about the economic sketch of sin?

The primary difference between economic models of choice ('sinful' or otherwise) and the Catholic account of sin is the characterization of the objectives of action. In most economic models, including models of 'sin', there is no inner conflict: the preferences which motivate action and are revealed by choice are an unproblematic representation of what people think is good for them. Within this framework, the policy problem is scarcity: there are tradeoffs between the various goods which consumers unproblematically desire. The policy solution is efficient institutions and regulation.

Recent innovations have modeled a measure of internal conflict in economic choice, and these models provide a language in which positive analysis can address the Catholic concept of sin. A prominent example is the intertemporal consumption model of Jonathan Gruber and Botond Köszegi (2001), which combines the habit formation model of Gary Becker and Kevin Murphy (1988) and the present-bias model of David Laibson (1997). For certain parameter values, the Gruber-Köszegi model can describe time inconsistency, in which a consumption plan formulated at time t is not carried out in future periods, and addictive behavior, in which consumption choices increase future preferences for consumption. There are even trajectories in consumption that resemble the alienation of an agent from his own interests, a trap in which a person lives only for the moment and is unable to apply effective decision weight to future costs and benefits from current actions.

Although the Gruber-Köszegi model describes internal conflict and the traps of habit in a compelling way, and thus introduces into consumer theory notions of self-control and virtue, it still maintains something unproblematic in consumer preferences. The consumer may have difficulties in maximizing his utility, caused by time inconsistency, but there is nothing problematic about the utility he is trying to maximize. The policy challenge posed by the model is to help people who have self-command problems to maximize an unproblematic utility function (Gruber and Köszegi 2004).

A theological perspective calls attention to a more fundamental problem faced by the consumer: there is an internal division between what will allow him to flourish according to his created nature and the preferences that motivate him to action. The tension occasioned by this division can be so sharp that the consumer, blinded by passion, may not have a clear view of where his true interests lie. Such a theological perspective forces us to question the normative weight usually assigned to the functions and parameters which describe the consumer's objectives. Is the objective function a description of passions overriding reasoned judgment, or does it instead reflect reasoned judgments about the good? If in each case the agent chooses consistently (that is, in a way that satisfies the preference axioms of completeness and transitivity), then a positive economic theorist may well not be able to distinguish the slave to sin from the virtuous consumer, or to make other important normative distinctions.

Conclusions

This brief essay must leave unaddressed many important lines of economic research that touch on order and disorder in human preferences and choice: the economics of happiness (Bruni and Porta 2007), work on non-cognitive human capital (Heckman 2007), and neuroeconomic research (Camerer, Loewenstein, and Prelec 2005), to name a few. These innovations are useful and exciting; such work can help us to organize our thoughts about normative matters, as long as we remain aware that it still frames the policy problem in efficiency terms—in terms of helping consumers with self-command challenges to get what they 'want' in an efficient way. This is fine as far as it goes, but it is unable to capture the normative concerns raised by a theological reading of sin: that the fundamental problem is not scarcity, but the conflict within the human soul. Policies which help individuals to get what they want—whether or not what they want is what is in fact good for them—are not necessarily the policies that might restore some order to the human constitution.

These concerns are not purely religious. The rise of survey-based happiness economics is evidence of decreasing confidence among economists that choice strictly reveals well-being, and that research has broadened the range of goods and behaviors associated with well-being. The capabilities approach (Sen 1985; 1999; Comim, Qizilbash, and Alkire 2008) is another approach to human welfare born out of skepticism that choice strictly reveals well-being. Such approaches are welcome, and they overlap significantly with theological concerns. They are evidence that the economic model is up against limits on its ability to inform policy and must go beyond its theoretical choice framework to be normatively useful.

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